



CITY OF SAN MATEO

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Agenda Report

Agenda Number: 9

Section Name: {{section.name}}

Account Number: 10-1311

File ID: {{item.tracking_number}}

TO: City Council

FROM: Alex Khojikian, City Manager

PREPARED BY: City Manager's Office

MEETING DATE: December 09, 2024

SUBJECT:

Peninsula Clean Energy Solar and Storage on Public Buildings Program - Updated Power Purchase Agreement

RECOMMENDATION:

Approve an agreement with Peninsula Clean Energy (PCE) for a Power Purchase Agreement (PPA) to procure, install, operate, and maintain a solar photovoltaic system at the Beresford Park parking lot; and authorize the City Manager to execute the agreement in substantially the form presented and to execute any amendments necessary to implement the solar photovoltaic system.

BACKGROUND:

The City of San Mateo is a longtime leader in sustainability with ambitious Climate Action Plan goals to reduce greenhouse gas emissions by 49 percent below the 2005 baseline by 2030. The City's most recent greenhouse gas emissions inventory shows that the City reduced emissions 22 percent below the 2005 baseline in 2019. While this marks great progress in Climate Action Plan implementation, more work is needed to advance the City's climate goals.

Peninsula Clean Energy (PCE) is a joint powers authority developed in 2016 to reduce greenhouse gas emissions by providing electricity from clean energy sources. PCE's Solar and Storage on Public Buildings Program collaborates with jurisdictions across San Mateo County to identify public facilities for solar installations through a Power Purchase Agreement (PPA). Through the program, jurisdictions can install solar systems to generate on-site electricity to meet and exceed the energy demand of municipal facilities. While much of San Mateo's electricity already comes from carbon-free sources, increasing the amount of energy in the community from renewable sources not only further reduces greenhouse gas emissions but also has the potential to reduce electricity costs and enhance the local green economy.

Staff worked closely with PCE to identify Beresford Recreation Center as the optimal site to participate in the program. After analysis of the Rec Center roof and three parking lots at Beresford Park, the parking lot on Parkview Way next to the basketball court and community garden was identified as the project site. In August and September, staff focused on outreach and engagement of the residents near the project site to share the impacts of the project and project construction.

At the September 16, 2024 City Council meeting, the PPA with PCE was approved but due to an administrative error, an incomplete version of the agreement was included in the Council agenda packet. At the October 21, 2024 City Council meeting, a full version of PPA was included in the packet and approved. Since that City Council meeting, PCE found that PG&E mitigations (electrical upgrades) are required to enable the installation of the solar carports, resulting in a need to revise the PPA pricing to account for the necessary electrical mitigation work. PG&E estimates \$121,000.00 of mitigation work, including a transformer and service upgrade. The project team anticipates replacing an existing pad-mounted transformer located adjacent to Beresford Recreation Center, as well as replacement of pole-mounted equipment also located adjacent to Beresford Recreation Center.

PCE is able to front the cost of the mitigation in full, but an updated PPA is needed to revise the costs and termination schedule to account for the mitigation costs. The original PPA rate was \$0.274/kWh resulting in a simple payback for \$282k over 20 years with savings beginning in Year 2. The new PPA rate is \$0.331/kWh resulting in a simple payback of \$147k over 20 years with savings beginning in Year 6. Even though the project will result in less cost savings than the original PPA, staff recommends approving the updated PPA because the project still results in reduced greenhouse gas emissions in the community and cost savings to the City over the lifetime of project.

BUDGET IMPACT:

There is no fiscal impact for entering the Power Purchase Agreement with Peninsula Clean Energy. There is no upfront cost to the City for entering into the Agreement. The solar photovoltaic system is anticipated to provide utility cost savings over the life of the project beginning in Year 6. The estimated 20-year energy savings simple is \$147,200.

ENVIRONMENTAL DETERMINATION:

The installation of solar carports on an existing parking lot is categorically exempt from CEQA as an “existing facility,” because it consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use. (CEQA Guidelines Section 15301.)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 – Power Purchase Agreement

STAFF CONTACT

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